

**GOVERNANCE STRUCTURE GROUP REQUEST**

**Request submitted by:** Ron Ballesteros-Perez **Date:** August 25, 2015

**Proposed Name of Requested Group:** Budget Committee

	<b>Council</b>	X	<b>Committee</b>		<b>Subcommittee</b>		<b>Task Force</b>
<b>Action Requested:</b>			<b>Add</b>		<b>Delete</b>	X	<b>Change</b>

**Role:** The Budget Committee (BC) recommends the process for development of the guidelines for the preparation of the unrestricted and designated budgets. Through the development of annual fiscal plans, the BC recommends budgeting parameters that aligns the college’s priorities to budgets and institutional planning. The committee reviews revenue projections for the upcoming fiscal year based upon estimated and reported FTES. In times of fiscal instability, the BC reviews and recommends to SPC reallocation and reductions of expenditures. Annually the BC, along with SPC, reviews budgets developed at the unit level and submitted through the appropriate planning council and makes recommendations as necessary. The BC members are responsible for communicating information related to budgeting to their appropriate constituency groups; however, Tentative and Adopted Budgets are approved by the Governing Board.

- Products:**
- Recommends process for development of Guidelines for Budget Development
  - Reviews annually the budget development timeline as proposed by Fiscal Services
  - Recommends budgeting parameters to align college priorities to annual budgets
  - Recommends an annual fiscal plan to SPC for its approval and implementation

- Process:**
- Reviews revenue estimates based upon reported FTES
  - Reviews budgets as developed at the unit level and submitted through appropriate planning council

- Reporting Relationship:**
- Strategic Planning Council
  - Committee members responsible for communicating information to appropriate constituency group

**Meeting Schedule:** Second and Fourth Tuesday of the month from 2:00 p.m. to 3:30 p.m.

**Chair:** Vice President, Finance and Administrative Services

- Members**
- President, Vice President, and Secretary of the Faculty Senate (or designee)
  - Past President, Faculty Senate
  - Co-Presidents, PFF (or designees)
  - One Palomar Faculty Federation representative appointed by PFF
  - Vice President, Instruction
  - Vice President, Student Services
  - Vice President, Human Resource Services
  - **Director, Enrollment Services**
  - One Administrative Association representative appointed by AA
  - One Confidential and Supervisory Team representative appointed by CAST
  - Five Classified Unit Employee representative appointed by CCE/AFT
  - One Student representative appointed by ASG

Reviewed by Strategic Planning Council:  
 02-18-03 Approved      12-04-07 Revised  
 05-20-05 Revised      03-03-09 Revised  
 10-04-05 Revised      02-02-16 Revised

**BUDGET COMMITTEE 2015-2016**

Vice President, Finance and Administrative Services	Ron Perez
Interim Vice President, Instruction	Dan Sourbeer
Vice President, Student Services (designee)	Kendyl Magnuson
Interim Vice President, Human Resource Services	Mike Popielski
Faculty Senate	Greg Larson
Faculty Senate	Jackie Martin
Faculty Senate	Joel Glassman
Palomar Faculty Federation (PFF)	Shannon Lienhart
Palomar Faculty Federation (PFF)	Teresa Laughlin
Palomar Faculty Federation (PFF)	Christina Moore
Council of Classified Employees (CCE)	Debbi Claypool
Council of Classified Employees (CCE)	Carmelino Cruz
Council of Classified Employees (CCE)	Dan Dryden
Council of Classified Employees (CCE)	Aaron Holmes
Council of Classified Employees (CCE)	Anel Gonzalez
Administrative Association appointed by AA	Justin Smiley
Associate Student Government (ASG)	Phoenix Prefontaine
Confidential and Supervisory Team (CAST)	Mireya Gutierrez-Aguero
Recorder – Interim Executive Assistant to VP, F&AS	Dayna Schwab

**BUDGET COMMITTEE MEETINGS 2015-20156**

**Second/Fourth Tuesday of the Month**

**2:00-3:30 pm Room AA-140**

**2015**

August 25

September 8

September 22

October 13

October 27

November 10

December 8

**2016**

February 9

February 23

March 8

April 12

April 26

May 10



# How We Are Funded & 2015–16 Financial/Budget Overview

# Important Terms

- ▶ **FTES = Full-time Equivalent Student**
  - A Full-time student attends 15 hours/wk (not 12)
  - We are funded per FTES (**\$4943 / FTES**)
  - We budget to an FTES Target/Cap (Base + Growth)
  - Large college cap set by the Chancellor's Office (19,880 FTES for 2015-16)
- ▶ **Student Headcount**
  - Actual number of students taking classes
  - Higher than FTES

# Example

- ▶ Student 1 takes 9 hrs/wk
- ▶ Student 1 takes 4 hrs/wk
- ▶ Student 1 takes 5 hrs/wk
- ▶ Student 1 takes 18 hrs/wk

How many FTES?

What is the Student Headcount?

# Example

- ▶ Student 1 takes 9 hrs/wk
- ▶ Student 1 takes 4 hrs/wk
- ▶ Student 1 takes 5 hrs/wk
- ▶ Student 1 takes 18 hrs/wk

How many FTES?  $(36/15) = 2.4$  FTES

What is the Student Headcount? 4.0

# Important Terms

- ▶ **FTEF = Full Time Equivalent Faculty**
  - Most faculty loads are 15 instructional hours/week
  - A 3 hour class =  $3/15 = 0.2$  FTEF
- ▶ **Faculty Headcount**
  - Actual number of faculty members
  - Larger than FTEF



# Example

- ▶ Instructor 1 teaches 8 hrs/wk
- ▶ Instructor 2 teaches 9 hrs/wk
- ▶ Instructor 3 teaches 10 hrs/wk
- ▶ Instructor 4 teaches 6 hrs/wk

How many FTEF?

What is the Faculty Headcount?

# Example

- ▶ Instructor 1 teaches 8 hrs/wk
- ▶ Instructor 2 teaches 9 hrs/wk
- ▶ Instructor 3 teaches 10 hrs/wk
- ▶ Instructor 4 teaches 6 hrs/wk

How many FTEF?  $(33/15) = 2.2$  FTEF

What is the Faculty Headcount? 4.0

# Important Terms

- ▶ **WFCH = Weekly Faculty Contact Hours**
  - Tells us how many hours the class meets each week (not to be confused with units)
  - Example -Biology 201 is a five unit class that meets on Mondays and Wednesdays. The lecture meets 8–9:20 and the laboratory meets 9:30–12:20 =

# Important Terms

- ▶ **WFCH = Weekly Faculty Contact Hours**
  - Tells us how many hours the class meets each week (not to be confused with units)
  - Example -Biology 201 is a five unit class that meets on Mondays and Wednesdays. The lecture meets 8–9:20 and the laboratory meets 9:30–12:20 = **9 WFCH**

# Important Terms

- ▶ **WSCH = Weekly Student Contact Hours**
  - Hours class meets per week (WFCH) x enrollment
  - Example: Sociology class of 3 WFCH with 35 students enrolled:  $3 \times 35 =$

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  - Hours class meets per week (WFCH) x enrollment
  - Example: Sociology class of 3 WFCH with 35 students enrolled:  $3 \times 35 = 105 \text{ WSCH}$

# Important Terms

## ▶ **WSCH/FTEF—Efficiency value**

- 525 WSCH/FTEF is considered the funding baseline for CC's
- $WSCH/FTEF = (WFCH \times enrollment) / load$

Example 1: Sociology 100 (3 WFCH) 35 students enrolled

- $3 \text{ WFCH} \times 35 \text{ enrolled students} = 105 \text{ WSCH}$
- $105 \text{ WSCH} / .2 \text{ load} =$

Example 2: Biology 101 (3 WFCH) 60 students enrolled

- $3 \text{ WFCH} \times 60 \text{ enrolled students} = 180 \text{ WSCH}$
- $180 \text{ WSCH} / .2 \text{ load} =$

Example 2: English 100 (3 WFCH) 25 students enrolled

- $3 \text{ WFCH} \times 25 \text{ enrolled students} = 75 \text{ WSCH}$
- $75 \text{ WSCH} / .2 \text{ load} =$

# Important Terms

## ▶ **WSCH/FTEF—Productivity value**

- 525 WSCH/FTEF is considered the funding baseline for CC's
- $WSCH/FTEF = (WFCH \times enrollment) / load$

Example 1: Sociology 100 (3 WFCH) 35 students enrolled

- $3 \text{ WFCH} \times 35 \text{ enrolled students} = 105 \text{ WSCH}$
- $105 \text{ WSCH} / .2 \text{ load} = 525 \text{ WSCH/FTEF}$

Example 2: Biology 101 (3 WFCH) 60 students enrolled

- $3 \text{ WFCH} \times 60 \text{ enrolled students} = 180 \text{ WSCH}$
- $180 \text{ WSCH} / .2 \text{ load} = 900 \text{ WSCH/FTEF}$

Example 2: English 100 (3 WFCH) 25 students enrolled

- $3 \text{ WFCH} \times 25 \text{ enrolled students} = 75 \text{ WSCH}$
- $75 \text{ WSCH} / .2 \text{ load} = 375 \text{ WSCH/FTEF}$



# Important Terms

- ▶ **WSCH/FTEF—Why a baseline of 525?**
  - Typical load = 15 hours = Five three-unit classes
  - The state expects there to be at least 35 students per class x five classes = **175 students per week**
  - 175 students per week, meeting 3 hours per week = **525 WSCH (175 x 3)**
  - A hold-over from the days of K-14

# FTES Calculation

- ▶  $FTES = WFCH \times enrollment \times 17.5 / 525$
- ▶  $FTES = WSCH \times 17.5 / 525$
- ▶  $FTES = WSCH / 30$

# FTES Calculation Examples

Example 1: Sociology 100 (3 WFCH) 35 students enrolled

- $3 \text{ WFCH} \times 35 \text{ enrolled students} = 105 \text{ WSCH}$
- $105 \times 17.5/525 = 105/30 = 3.5 \text{ FTES}$

Example 2: Biology 101 (3 WFCH) 60 students enrolled

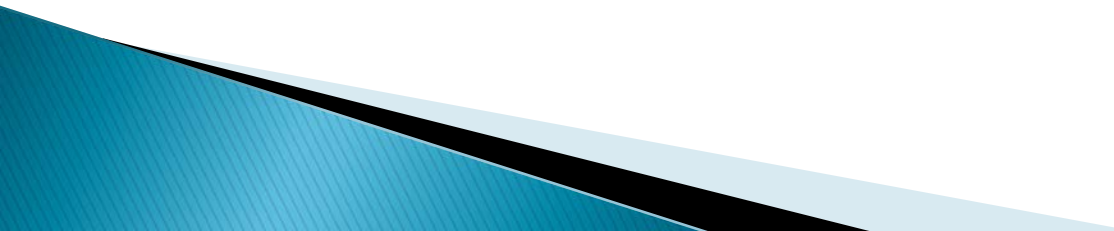
- $3 \text{ WFCH} \times 60 \text{ enrolled students} = 180 \text{ WSCH}$
- $180 \times 17.5/525 = 180/30 = 6 \text{ FTES}$

Example 2: English 100 (3 WFCH) 25 students enrolled

- $3 \text{ WFCH} \times 25 \text{ enrolled students} = 75 \text{ WSCH}$
- $75 \text{ WSCH} \times 17.5/525 = 75/30 = 2.5 \text{ FTES}$

# Enrollment Management Defined

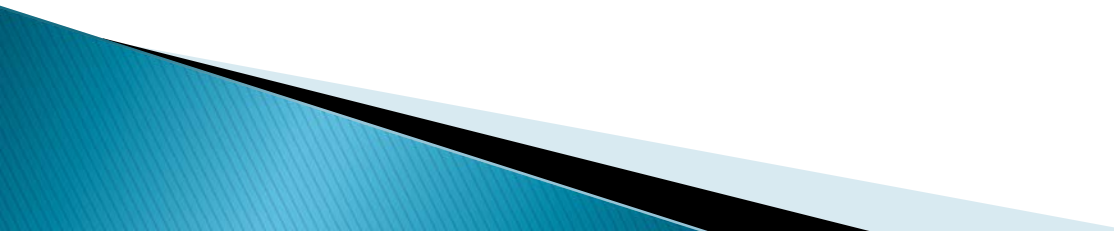
An ongoing plan to effectively schedule in support of student achievement while honoring a district's community, academic, and fiscal responsibilities.

- Involves a management team
  - Consider past, present, and future
  - Requires DATA
  - Involves the entire campus community
- 

- Term Length Multiplier
- Issues with data: accuracy (factor); x-listed courses/stacked courses; access to reports
- Fill rates
- Wait lists (problems)
- # of classes below 35
- WSCH/FTEF
- FTES/FTEF
- FTES Cap
- FTES Target
- FTES generated/semester
- Did you borrow FTES?
- Contract issues
- Compliance issues
- Class caps; what and who makes them
- Bottlenecks

- Classroom issues
- Who creates target-when and how
- College issues/hotspots (eg in-service courses)
- Audit issues
- 320 who ? And When?
- Local manner in which FTEF/
- FTES are allocated and tracked
- Is there an annual plan developed? By whom and when? Who monitors it? When are changes made?
- Do departments have 2-year plans?
- Is calendar developed and followed?
- How is student success measured and rewarded for departments?

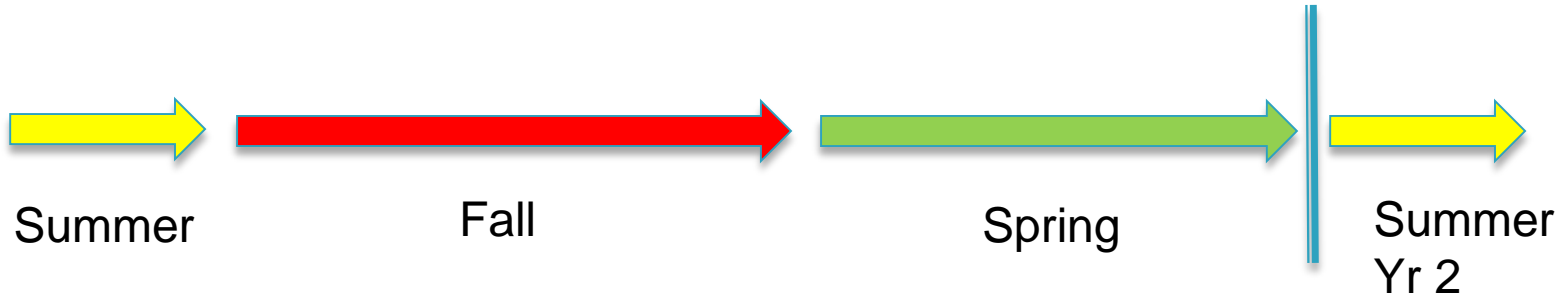
# Practical Enrollment Management

- ▶ Establish an Instructional budget
  - ▶ Determine WFCH that will support that budget
  - ▶ Schedule within the limitations of the WFCH cap
- 

# Reaching the Target

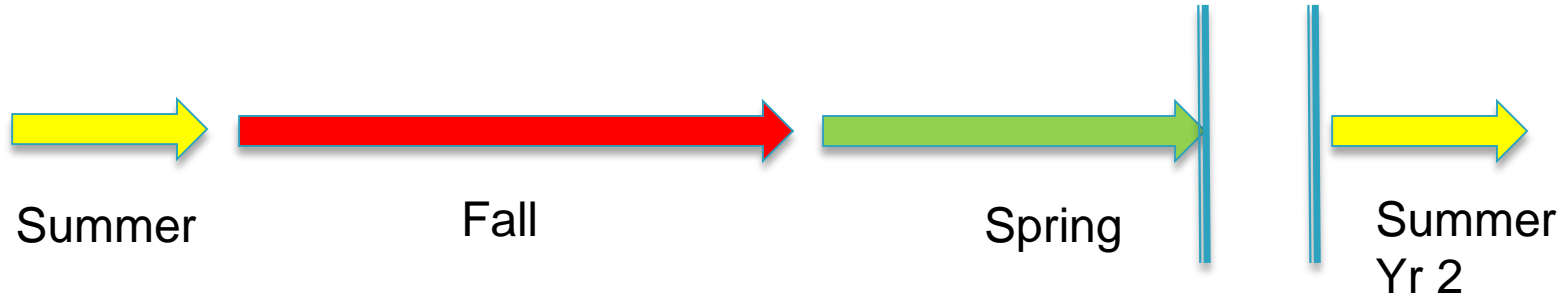
- ▶ Traditionally PC has budgeted as a Large College, a target set by the Chancellor's Office
- ▶ Large colleges get a \$1M Bonus in addition to apportionment (funding from enrollment)
- ▶ This year the large college cap is 19,880 FTES
- ▶ Cap reached through Summer, Fall, and Spring enrollments plus Intersessions
- Most of summer enrollment is flexible so if a shortfall, summer can be applied to the previous year ("Borrowing")--330 FTES ('12-13), 540 FTES ('13-14), 1200 FTES ('14-15)

# Reaching the Target

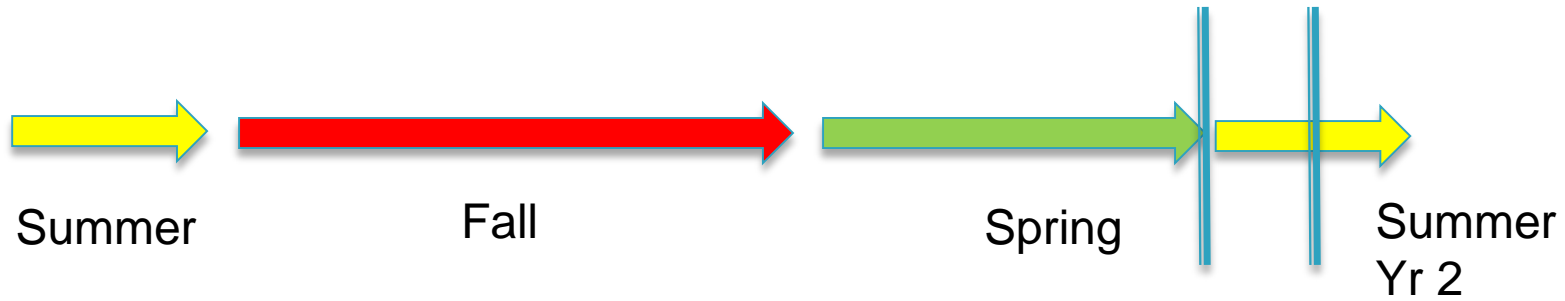




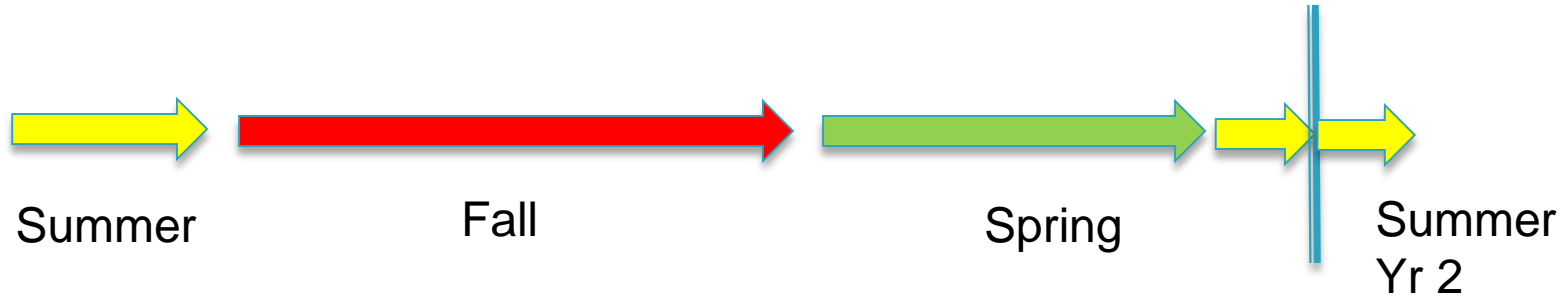
# Reaching the Target



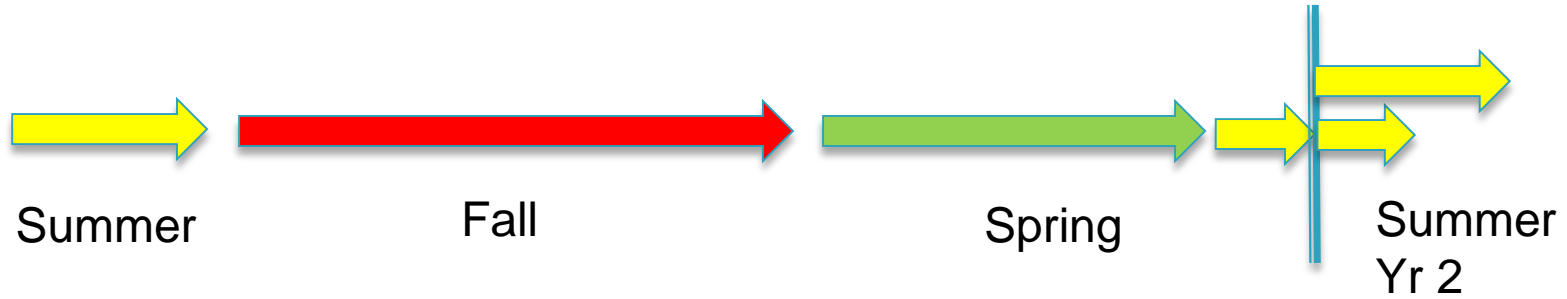
# Reaching the Target



# Reaching the Target



# Reaching the Target



# Are We a Large College?

- ▶ For 2015–16, to remain a large college, we must meet the 19,880 FTES target, and make up the 1217 FTES we applied to the 2014–15 cap, i.e. generate 21,097 FTES ( $19,880 + 1,217$ )
- ▶ The 2014–15 schedule produced 18,643 FTES, and did so very inefficiently at 435 WSCH/FTEF
- ▶ Fall 2015 enrollment is currently down over 3% compared to Fall 2014 enrollment meaning our schedule will generate 18,084 FTES ( $18,643 \times 0.97$ )

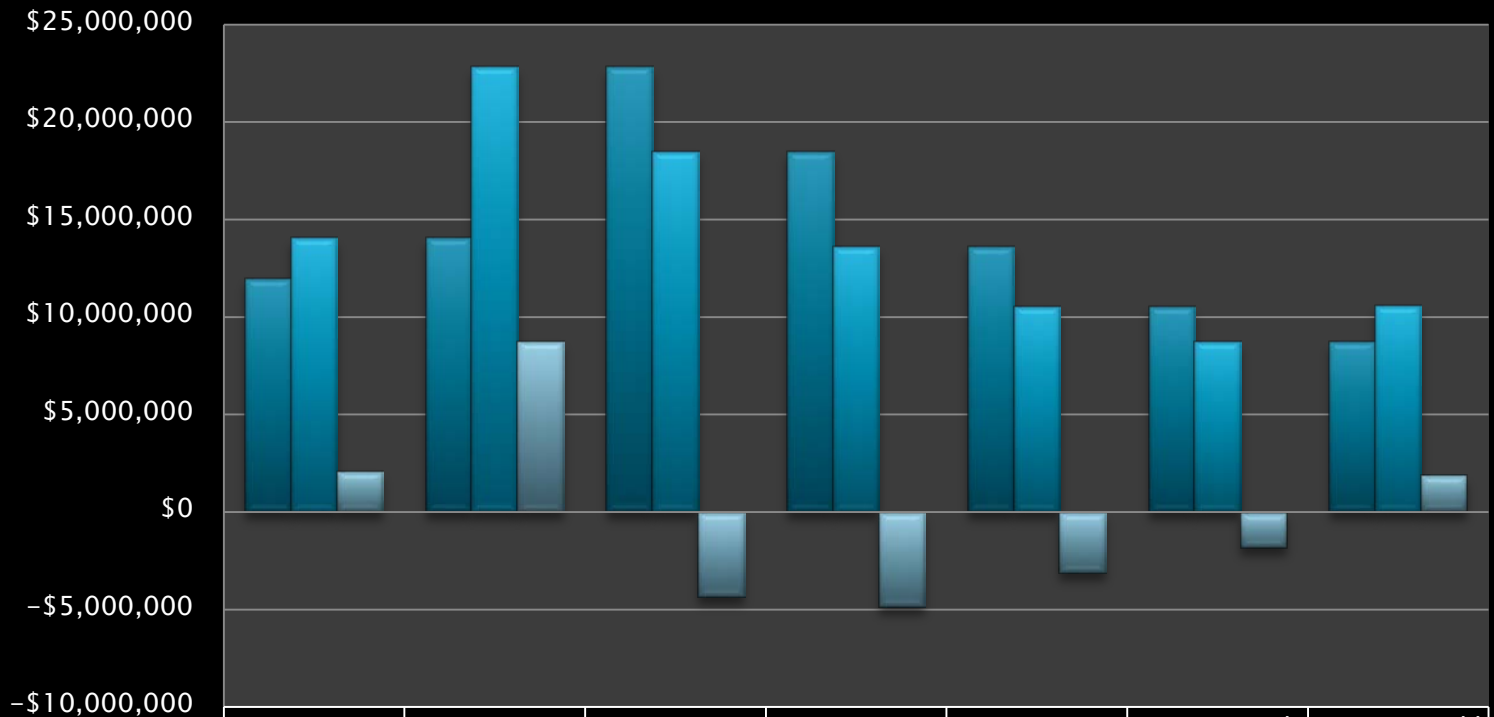
# Are We a Large College?

- ▶ Fall 2015 enrollment is currently down over 3% compared to Fall 2014 enrollment meaning our schedule will generate 18,084 FTES ( $18,643 \times 0.97$ )
- ▶ We will need to borrow 3,013 FTES from Summer 2016 to reach the large college cap ( $21,097 - 18,084$ )
- ▶ Summer enrollment does not produce 3,013 FTES
- ▶ We are not a large college



# FY 2015–2016 FINANCIAL / BUDGET OVERVIEW

# FUND BALANCE HISTORY



	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15 *	2015-16**
Beginning Fund Balance	\$11,972,719	\$14,061,085	\$22,832,473	\$18,484,124	\$13,647,560	\$10,548,414	\$8,726,746
Ending Fund Balance	\$14,061,085	\$22,832,473	\$18,484,124	\$13,647,560	\$10,548,414	\$8,726,746	\$10,582,013
Change	\$2,088,366	\$8,771,388	-\$4,348,349	-\$4,836,564	-\$3,099,146	-\$1,821,668	\$1,855,267

\* estimated  
 \*\* projected with SRP Savings of \$3.3M



# TWO YEAR SUMMARY

## FY 2014–15

▪ Beginning Balance	\$ 10,548,414
▪ Expenses in Excess of Revenue	<u>(1,821,668)</u>
▪ Ending Balance	\$ 8,726,746

## FY 2015–16

▪ Beginning Balance	\$ 8,726,746
▪ Expenses in Excess of Revenue	<u>1,855,267</u>
▪ Ending Balance	\$ 10,582,013*

# DISTRICT-WIDE CONCERNS

- Balance Budget
  - Continuous expenditures with continuous revenue
- Accreditation
  - Enhanced fiscal monitoring
  - ACCJC Recommendations
- Retiree Health – Fund 69
  - \$72M Unfunded Liability
- STRS/PERS Increases
  - Gradual Increase to double in 2021

# DISTRICT-WIDE CONCERNS

- Prop 30 Tax Expiration
  - ¼ % Sales Tax
    - 4 years, 2013 through 2016
  - Increased income tax – \$250,000
    - 7 years, 2012 through 2018
  - 15.0% of Apportionment Revenue
- Declining Enrollment
  - Large College Designation
  - Stability Funding/Right Sizing

# 2015-2016 FTES PROJECTION

FY 2014 – 2015	FUNDED FTES
CREDIT FTES	18,537.93
NON-CREDIT FTES	281.37
ENHANCED NON-CREDIT FTES (CDCP)	501.11
TOTAL	19,320.41

Following are *estimated FTES* based on the 3% Growth. PCCD able to earn 1.81% of the 3% statewide growth based upon new growth formula.

FY 2015 – 2016	FTES GROWTH	REVISED FTES TARGET	AVAILABLE APPORTIONMENT INCREASE
CREDIT FTES	339.628	18,877.558	
NON-CREDIT FTES	4.988	286.358	
ENHANCED NON-CREDIT FTES (CDCP)	6.290	507.400	
TOTAL	350.906	19,671.316	\$1,596,185

\* Large College 19,880 FTES

# 2015-2016 SIMULATION

FY 2015 - 2016 GROWTH	FTES	NEEDED FTES	POTENTIAL APPORTIONMENT INCREASE / DECREASE
BASE FTES (PY)	19,320	N/A	N/A
POTENTIAL GROWTH (1.81%)	19,671	351	\$1,596,185
CLASSES (2.5 FTES)		140	
COST / CLASS (\$3,500)		3,500	<u>(\$491,400)</u>
		Net Potential Growth	\$1,104,785

FY 2015 - 2016 LARGE COLLEGE	FTES	NEEDED FTES	COST TO RESERVES
LARGE COLLEGE	19,880	N/A	N/A
FTES WITH GROWTH (1.81%)	19,671	211	N/A
CLASSES NEEDED / COST		84 CLASSES X 3,500	<u>(\$295,400)</u>
		TOTAL POTENTIAL INCREASE	\$809,385

# Stability Funding

- ▶ 3-year Process
- ▶ Occurs when a district does not attain its base FTES in any given year
- ▶ 1<sup>st</sup> year – funded as though the district reached its base
- ▶ 2<sup>nd</sup> and 3<sup>rd</sup> years apportionment will be based upon actual FTES
- ▶ After the 3<sup>rd</sup> year, the district will be re-benched to its actual FTES

# Large College Designation/Funding

- ▶ Occurs when a district does not attain the large college CAP in any given year
- ▶ Difference between large and medium designation
  - Approx. \$1M
- ▶ The District will keep large college funding for a total of 3 years
- ▶ After the 3<sup>rd</sup> year, district will be funded for their actual size (large, medium, small)

# Simulation Purposes Only

	FY 15-16		FY 16-17		FY 17-18		FY 18-19	
Large College	\$1M		\$1M		\$1M		\$0	
	19,320 19,880		Actual TBD		Actual TBD		New Designation	
Stability	19,320		Actual FTES		Actual FTES		Re-bench New FTES Goal	
	\$102M							



# Next Steps

- ▶ Get the information out
- ▶ Strategize, plan, implement
- ▶ FTES drives Apportionment